

Message Text

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FM AMEMBASSY MANILA

TO SECSTATE WASHDC 6091

AMEMBASSY BANGKOK

AMEMBASSY JAKARTA

AMEMBASSY KUALA LUMPUR

AMEMBASSY SINGAPORE

UNCLAS MANILA 9825

E.O. 11652: NA

TAGS: BEXP, RP

SUBJ: ASIAN BUS MANUFACTURING

A) STATE 176662; B. MANILA 9531

1. REFTEL A STATES WITH RESPECT PROSPECTIVE SINGAPORE IMPORT REQUIREMENT FOR BUSES THAT COMMERCE WILLING TO CONTACT U.S. MANUFACTURERS WITH CAPACITY TO MEET REQUIREMENTS. WE WOULD LIKE TO REQUEST THAT SAME PERSONAL ATTENTION BE GIVEN TO MAJOR PHILIPPINE PURCHASE OF BUSES WHICH WE HAVE REPORTED AS TOP IN REFTEL B.

2. PRESIDENT MARCOS TWO MONTHS AGO ESTABLISHED MANILA TRANSIT CORPORATION (MTC). ITS OBJECTIVE IS TO INTEGRATE PUBLIC TRANSPORTATION OPERATIONS IN METROPOLITAN MANILA INTO ONE CORPORATE ENTITY TO WHICH ASSETS OF ALL EXISTING BUS OPERATORS WILL EVENTUALLY BE TRANSFERRED. AMONG ITS AIM IS TO ELIMINATE "DESTRUCTIVE COMPETITION AND SERVICE DUPLICATIONS AMONG DIFFERENT TRANSPORT MODES AND FIRMS" AND TO WORK TOWARDS STANDARDIZATION OF EQUIPMENT. GOVERNMENT HAS PROVIDED INITIAL P10 MILLION CAPITAL
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INPUT TO MTC.

3. INITIAL MEETING OF BOARD OF MTC, WHICH IS COMPOSED LARGELY OF CABINET SECRETARIES IN TRANSPORT-RELATED AREAS, APPOINTED PRESIDENT AND GENERAL MANAGER (JOSE C. CRISANTO, JR.) AND GAVE GO-AHEAD, UPON APPROVAL OF DEVELOPMENT BANK OF THE PHILIPPINES, FOR PURCHASE OF 700 BUSES WORTH P70-75 MILLION (\$11 MILLION).

4. TWO HUNDRED OF THESE BUSES WILL BE PURCHASED DIRECTLY BY MTC AND ARE SUBJECT OF TOP REFTEL B. TARGET DATE FOR OPERATION IS START OF SCHOOL YEAR IN JUNE 1975, WITH DELIVERY DESIRED BY JANUARY 1975. WE UNDERSTAND THAT CRISANTO IS HAVING DIFFICULTY LOCATING SUPPLIER OF THIS NUMBER OF BUSES WITHIN THIS TIME FRAME.

IF AMERICAN SUPPLIER IS ABLE TO MEET DESIRED DELIVERY DATE, THERE IS EXCELLENT OPPORTUNITY TO WIN THIS CONTRACT AND SIGNIFICANT FOLLOW-ON BUSINESS.

5. DECISION NOT YET MADE AS TO WHETHER BUS BODIES WILL BE FABRICATED LOCALLY. DECISION WILL DEPEND ON COST, AND SUPPLIERS SHOULD QUOTE WITH AND WITHOUT BODIES. IF COST TO IMPORT BUS COMPLETE WITH BODY IS COMPETITIVE, DELIVERY COULD PRESUMABLY BE CLOSER TO JUNE 1975 TARGET DATE FOR OPERATION THAN INDICATED ABOVE.

6. REMAINING 500 BUSES ARE TO BE PURCHASED DIRECTLY BY PRIVATE OPERATORS, WHO WILL APPARENTLY BE GIVEN CREDIT FACILITIES BY GOVERNMENT BUT WILL BE ALLOWED TO MAKE THEIR OWN PURCHASE DECISIONS. DETAILS NOT YET WORKED OUT. MANILA OPERATORS WILL GET 300 OF THESE BUSES AND PROVINCIAL OPERATORS 200.
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